GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:996
ANSWERED ON:23.11.2001
LOANS TO SMALL FARMERS
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of FINANCE be pleased to state:

(a) whether the Minister of Finance has recently announced to provide a loan of Rs. 64 thousand crore to the farmers as published in `Rashtriya Sahara` dated 22nd September, 2001;

(b) if so, the ratio of the loan which will be provided to small, medium and big farmers and the time by which the said loan is likely to be provided;

(c) the details of the guidelines issued by the Government in this regard; and

(d) other facilities the Government propose to offer a marginal and medium farmers and the time by which. these said facilities are likely to be provided?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) to (c) Finance Minister has mentioned in his Budget Speech this year that the totalcredit flow to agriculture through institutional channels is expected to increase to Rs. 64,000 crores during the year 2001-2002. No ratio has been prescribed for providing loans to small, medium and big farmers. No separate guidelines have also been issued in this regard and banks and expected to achieve this level of credit flow under the existing guidelines of Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD).

(d) RBI has been taking various steps to strengthen the flow of credit to small andmarginal farmers by making certain relaxations in regard to the margin money requirements, security norms, etc. These include non-insistence by banks on margin money for crop loans/ terms loans granted to farmers upto Rs. 10,000/-, non-insistence by banks upon collateral security/third party guarantee for crop loans upto Rs. 10,000/- discretion of Danks inmatters relating to margin/security for loans above Rs. 10,000/-, insistence on payment of interest only at the time of repayment of loan/instalments fixed, aot to compound interest on current dues not falling due n respect of term loans, total interest debited not to exceed the principal amount in respect of short-term advances, etc.